

HOUSE RESEARCH

Bill Summary

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Authors: Dawkins

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Analyst: Joel Michael (651-296-5057)

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Overview

This bill allows the city of St. Paul to create a tax increment financing (TIF) district at the Osceola-St. Clair connector. This district allows use of increment for owner occupied housing with higher income limits than allowed under general law. These income limits require a portion of the housing to be for lower income owners and allow the rest of the housing to be used for higher income owners than is permitted by general law.

Section

- 1 **St. Paul, housing TIF.** Authorizes the housing and redevelopment authority (HRA) for the city of St. Paul to establish a housing TIF district at 300 Osceola Avenue. This district would not be subject to the 20 percent limit under general law on the amount of market value that may be in non-low and moderate income housing. In addition, special income limits apply instead of those under general law:

Households with incomes at or below % of area median income	Percent of Units
80%	20%
125%	100%

Under general law, 95 percent of the units would be required to be sold initially to purchasers whose incomes were at or below 115 percent of the greater of the area or state median income. These income limits are adjusted for family size, however. If the purchaser has a family of 2 or fewer members, the income limit drops to 100 percent of the greater of the area or state median income. Since the bill does not contain a family size adjustment, this would permit up to 80 percent of the units to be sold to families with 1 or 2 members whose incomes exceed 100 percent of the area median income but are equal to or less than 125 percent of the area median income. The area median income for calendar year 2000 was \$65,700 and 125 percent of the area median was \$82,125. As a result, this allows families with 1 or 2 members to have income about \$16,425 higher for these units. These higher income limits are allowed in return for

selling at least 20 percent of the units to families with incomes below \$52,560.

Effective date. Effective upon local approval by city of St. Paul.